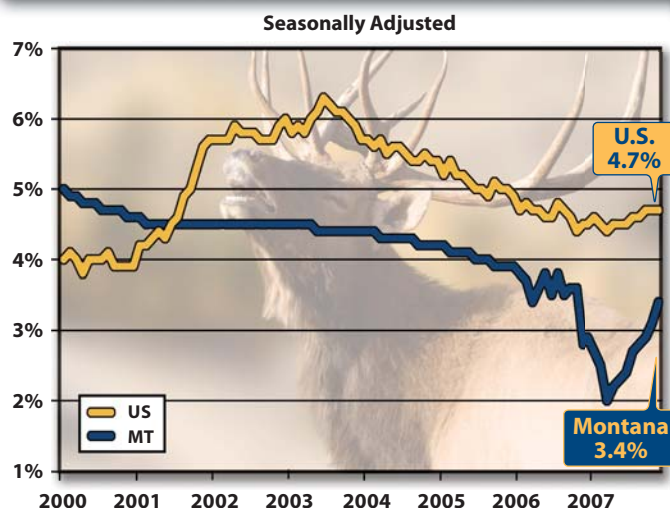


# Montana Economy at a Glance

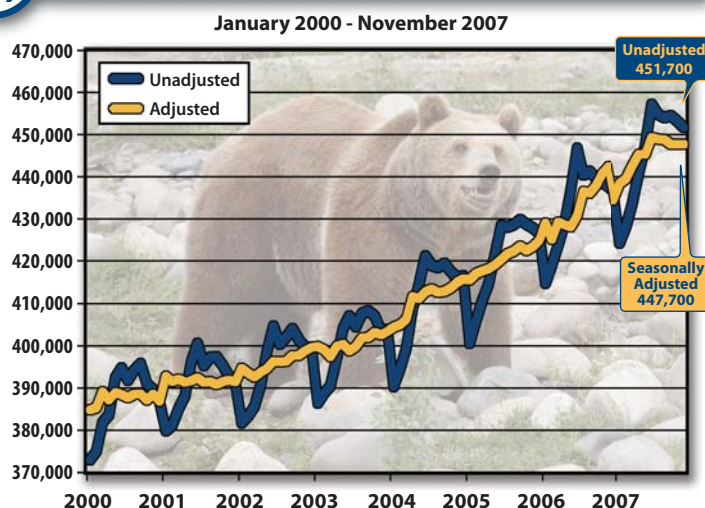
## UNEMPLOYMENT RATE



## NONFARM EMPLOYMENT

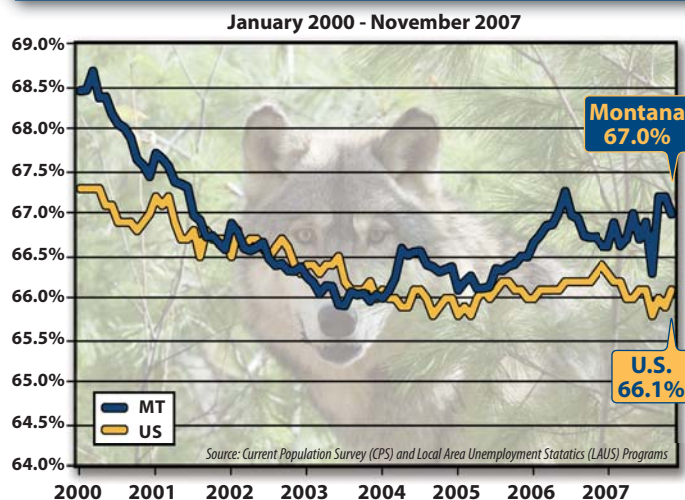


Montana's seasonally adjusted unemployment rate rose to 3.4% in November 2007 from 3.1% in October. The U.S. rate again remained steady at 4.7%.



Montana's seasonally adjusted nonagricultural payroll employment remained steady at 447,700 from October to November 2007. Professional and Business Services showed the largest increase, with 300 (+0.7%) added jobs. Gains were also seen in Manufacturing, up 200 (+1.0%), Total Government, also up 200 jobs (+0.2%), and Education and Health Services, up by 100 jobs (+0.2%).

## LABOR FORCE PARTICIPATION



Montana's labor force participation rate dropped slightly between October and November 2007, though it remains relatively high at 67.0%. The U.S. rate rose slightly, but stayed below the Montana rate at 66.1%.

## EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Nov. <sup>(P)</sup> 2007	Oct. 2007	Net Change	Percent Change
Total Non-Agricultural	447.7	447.7	0.0	0.0%
Natural Resources & Mining	8.5	8.5	0.0	0.0%
Construction	33.4	33.7	-0.3	-0.9%
Manufacturing	21.0	20.8	0.2	1.0%
Trade, Transportation, Utilities	91.8	91.9	-0.1	-0.1%
Information	7.6	7.7	-0.1	-1.3%
Financial Activities	22.8	22.8	0.0	0.0%
Professional & Business Services	41.8	41.5	0.3	0.7%
Education & Health Services	59.4	59.3	0.1	0.2%
Leisure & Hospitality	57.4	57.7	-0.3	-0.5%
Other Services	17.2	17.2	0.0	0.0%
Total Government	86.8	86.6	0.2	0.2%

(P) denotes preliminary figures

# Job Turnover in Montana: The Good and the Bad

By Tyler Turner

Economies are not stable; they are continually dying and being reborn. New workers enter, old workers leave, businesses are created and destroyed. Reallocating resources is essential to maintaining a healthy economy. The creation and destruction of jobs is an example of this process.

Though it may appear that employment is a relatively stable component of any economy, it is not. Individuals are constantly leaving or changing jobs, while businesses are creating new jobs and eliminating existing positions. Typically this activity is measured through job turnover. Job turnover examines the change in workers entering and leaving the labor force as a percentage of stable employment. It is an important variable because it shows the flexibility of an economy and its ability to reallocate workers and jobs.

At the state level, the turnover rate is fairly stable. Figure One shows the Montana quarterly turnover rate from 1995-2006. Though there is some fluctuation in the rate, it has remained within a relatively tight range over the past twelve years. However, when examined more closely,

there are significant differences in turnover rates among industries, age groups, and genders. Using the Census Bureau's Quarterly Workforce Indicators database, the turnover rates for these sub-groups will be examined.

## Turnover Rates

Rather than examine the turnover rates for industries, age groups, and genders separately this article will combine all three groups to create a more dynamic data set. This was done to provide a clearer picture of which portions of the Montana workforce are most likely to experience high turnover rates. Table One depicts the 2006 turnover rates for industries and age groups by gender.

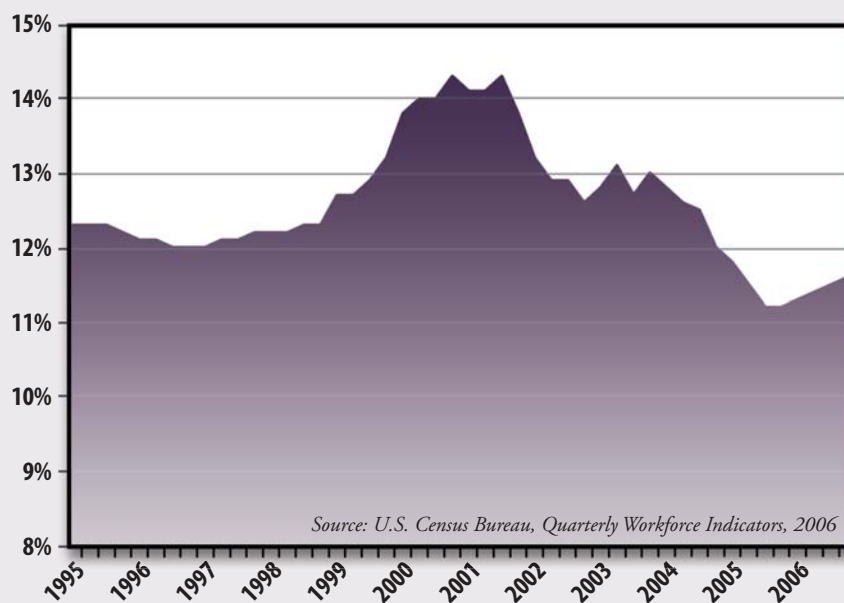
Across all age groups there appears to be only slight differences between male and female job holders. Differences in gender are more pronounced among younger workers, but as they age, the differences become less severe. Younger workers as a whole tend to have the highest levels of job turnover, while older workers, particularly those over age 45, have very low turnover rates.

The industry in which the job is held is significant in determining the turnover rate. Higher turnover rates are seen in lower paying industries such as Arts and Entertainment and Accommodation and Food Services; while Mining and Utilities, which pay very high wages, have low turnover rates.

## Good Turnover vs. Bad Turnover

Though lower turnover rates are typically associated with higher wages, high turnover rates are not necessarily bad. Since turnover measures individuals accepting and leaving jobs, it can be used to measure progress through the workforce. A 19 year old female

**Figure One: Montana's Quarterly Turnover Rate: 1995 to 2006**



retail trade worker has a very high turnover rate, 27.6%. Though this means that this particular group of workers is moving in and out of employment rapidly, this is a good thing. Retail Trade is a low wage industry which does not require an advanced skill set. Jobs in this sector are often the first rung on the career ladder for many workers. It is expected that these jobs will turnover quickly. The 19 year old girl will work in this relatively low wage industry until she can build up her skill set and move to another industry. High turnover rates for older workers in low wage industries signal a problem, however.

Males in the Accommodation and Food Service industry over the age of 35 have a high turnover rate and are paid close to half the average monthly rate for all male job holders in the state. A high turnover rate for this group is not likely a sign of progress up the career ladder. Here turnover is associated with job loss and underdeveloped skill sets.

## Policy Implications

Turnover rates show that different groups within an economy require different policy approaches. Younger workers need freedom in the job market. A low turnover rate would be disastrous for this group, because it would restrict access to jobs where workers can gain skills. By ensuring that young workers can enter the labor force easily and shift jobs quickly, Montana's economy will be better off in the long run.

Older workers require a different approach. High turnover among this group is often a sign of chronic unemployment. By targeting industries which have high turnover rates, through job training and other assistance programs, workers may be able to enjoy more stability and advancement to higher paying jobs.

## Sources

Lane, Julia. "The Low-Wage Labor Market: Challenges and Opportunities for Economic Self Sufficiency." U.S. Department of Health and Human Services. 1999. <http://aspe.hhs.gov/HSP/lwlm99/lane.htm>

U.S. Census Bureau. *Quarterly Workforce Indicators*. 2006.

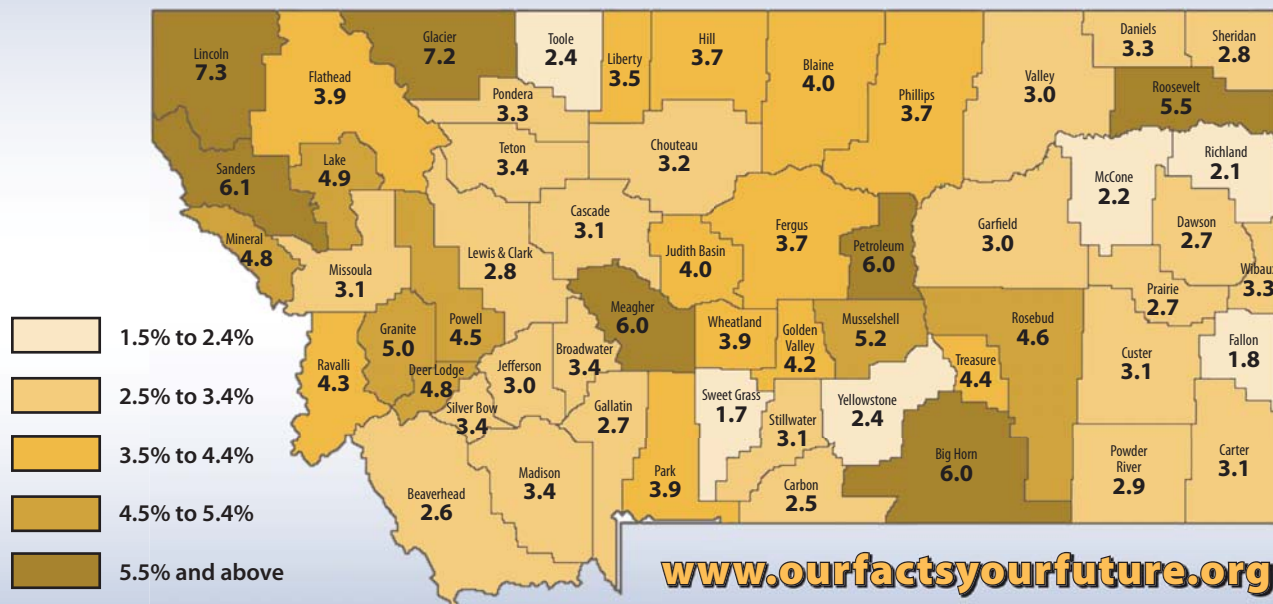
**Table One:**  
**Industry Turnover Rates**  
**by Age and Gender: 2006**

	19-21		22-24		25-34		35-44		45-54		55-64	
	M	F	M	F	M	F	M	F	M	F	M	F
Agriculture	23.8%	34.0%	21.7%	28.8%	14.5%	16.4%	10.3%	13.1%	8.6%	10.3%	7.9%	10.0%
Mining	27.3%	27.6%	19.3%	14.6%	13.0%	10.5%	8.3%	7.9%	6.8%	5.8%	5.6%	5.3%
Utilities	20.3%	29.4%	10.7%	11.6%	7.7%	6.1%	4.3%	2.7%	2.2%	2.0%	3.7%	2.3%
Construction	26.2%	29.5%	21.5%	25.2%	15.7%	15.4%	12.8%	11.3%	10.8%	9.3%	10.0%	8.2%
Manufacturing	23.2%	23.5%	16.5%	18.1%	10.4%	13.6%	7.0%	9.0%	5.0%	7.8%	5.3%	7.5%
Wholesale Trade	22.6%	22.0%	16.3%	19.5%	10.3%	11.6%	6.7%	8.1%	5.2%	6.5%	5.3%	5.7%
Retail Trade	26.0%	27.6%	20.8%	23.1%	14.4%	16.8%	10.0%	12.8%	8.1%	10.8%	8.2%	9.3%
Transportation	24.5%	25.0%	18.9%	17.0%	14.0%	11.7%	10.4%	9.5%	8.5%	7.0%	9.0%	6.9%
Information	19.9%	22.3%	18.2%	18.5%	10.3%	11.4%	7.3%	7.4%	5.1%	6.6%	6.2%	7.0%
Finance	21.0%	20.1%	16.9%	14.4%	8.9%	9.0%	5.9%	6.0%	4.4%	4.9%	5.0%	4.4%
Real Estate	32.8%	27.5%	22.0%	25.2%	17.1%	16.3%	11.1%	12.3%	9.0%	10.0%	8.4%	8.9%
Professional Services	23.0%	26.2%	19.0%	18.0%	10.4%	11.3%	7.1%	8.2%	5.6%	7.1%	7.0%	7.7%
Management of Companies	29.0%	23.1%	20.5%	18.4%	12.3%	10.1%	6.3%	7.4%	5.6%	6.8%	6.1%	5.0%
Admin. & Support Services	34.8%	34.6%	28.2%	29.4%	21.7%	21.8%	15.9%	16.2%	14.1%	15.0%	12.3%	12.8%
Education	34.8%	34.5%	23.9%	22.1%	11.1%	11.1%	5.9%	6.9%	4.4%	4.7%	5.1%	5.2%
Health Care	23.7%	24.2%	18.8%	18.2%	11.6%	11.9%	7.7%	8.1%	6.1%	6.6%	5.7%	6.0%
Arts and Entertainment	36.0%	30.0%	34.7%	26.6%	23.7%	20.8%	17.6%	14.2%	14.1%	12.4%	15.1%	10.9%
Accommodation & Food Services	30.5%	27.8%	27.4%	24.6%	22.2%	20.8%	16.8%	16.5%	15.3%	13.6%	13.1%	12.2%
Other Services	28.4%	26.0%	20.0%	22.4%	14.6%	15.7%	9.3%	10.4%	7.1%	7.7%	6.7%	6.7%
Public Administration	23.3%	26.1%	17.1%	16.7%	7.9%	9.0%	4.7%	5.4%	3.2%	3.9%	4.4%	3.8%

Source: U.S. Census Bureau, *Quarterly Workforce Indicators*, 2006

## COUNTY UNEMPLOYMENT RATES (NOT SEASONALLY ADJUSTED)

Montana Average Rate: 3.3%



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